

Towards Next Orbit - STARTUP 2.0

INTRODUCTION

Startup India initiative was launched on 16th January, 2016. During its ten-year long journey, the governments (central and state both) have rolled out several programmes with the objective of supporting entrepreneurs dreaming something different from normal business initiative. At its very core, Startup India Action Plan supports 'Job Creators'.

The **Startup India Action Plan** primarily comprises three components:

Component 1: Simplification and Handholding

Some of the initiatives under this component are: (i) Self-Certification Based Compliance Regime; (ii) Creation of Startup India Hub for knowledge sharing and funding access; (iii) Launch of Mobile App and dedicated portal; (iv) Fast tracking of Patent Registration at reduced cost; (v) Permission for early stage supply to public sector; (vi) Faster exit policy for Startups; and so on.

Component 2: Funding Support and Incentives

Some of the initiatives under this component are: (i) Funding support through Fund of Funds of INR 10,000 Crore; (ii) Credit Guarantee Fund for Startups; (iii) Tax exemptions on Capital Gains; (iv) Income tax exemption for 3 continuous years; (v) Tax exemption on investment over Fair Market Value; (vi) Faster exit policy for start ups; and so on.

Component 3: Industry-academia partnership and Incubation

Some of the initiatives under this component are: (i) Organizing Startup Festivals for Showcasing Innovations and providing platform for collaborations; (ii) Launch of Atal Inovation Mission; (iii) Launch of SETU (Self-Employment and Talent Utilization) Programme; (iv) Utilisation of private sector expertise for Incubator setup; (v) Development of Innovation Centres at National level Institutes; (vi) Setting up of Research Parks in IITs; (vii) Promoting Startups in Biotechnology Sector; (viii) Launch of Innovation-focused programmes for students; (ix) Annual incubator grand challenge; and so on.

In the journey of startup India, the year 2026 will be remembered as '**Year of Shifting Gears**'. On 4th February, 2026 DPIIT issued a notification G.S.R. 108(E) changing the startup space portraying resolve of the Government to take this startup journey to the next level. Now onwards, startups will be of two types. Let us understand the key changes introduced through this notification in a systematic manner.

CHANGES IN START UP SPACE

- Deep Tech Startups (New Category): Before 04.02.2026** – There was single category for Startups.

After 04.02.2026 – Now onwards, startup space has two categories: Normal startups and Deep Tech Startups.

START UP CATEGORIES	
Before 04.02.2026	After 04.02.2026
Category - One	Categories - Two
Normal Startups	Normal and Deep Tech Startups

Comment : This is a welcome change. Incubation period for deep tech startups is more in comparison to normal startups. Higher upper limit will motivate to put dedicated efforts to develop deeper technologies.

- Meaning of 'Deep Tech Startup'**

A '*Deep Tech Startup*' means a 'Startup' that has the following attributes:

- It is working on producing a solution based on new knowledge/advancements within a scientific or engineering discipline or multiple disciplines, which is yet to be developed or is in the process of being developed;
- It has a high percentage of expenditure on research and development (R&D) activities as a percentage of revenue/funding;
- It owns or is in the process of creating significant novel intellectual property (IP) and taking steps to commercialize the same; and
- It is facing extended development timelines, long gestation periods, high capital and infrastructure requirements, and carrying large technical or scientific uncertainty.

Comment : Defining 'Deep Tech Startups' is also a manner of defining the intent of the government towards supporting and strengthening the R&D sector, the AI Sector and the digital transformation in the Indian mainland.

- Turnover Limits:**

Before 04.02.2026 - Earlier the startups were having maximum turnover limit of INR 100 Crores. This means that on crossing turnover of INR 100 Crores, the startup status used to cease.

After 04.02.2026 – Now two limits have been introduced with upward revision. These are INR 200 Crores for normal startups and INR 300 Crores for Deep Tech Startups.

Turnover Limits	
Before 04.02.2026	After 04.02.2026
Maximum Limit INR 100 Crore	Normal Startups INR 200 Crore
	Deep Tech Startups INR 300 Crore

Comment: This is welcome change and as per author's understanding, limits may likely be revised upwardly as and when needed in the years ahead.

4. Inclusion of Co-operative Societies:

Before 04.02.2026 – Only three types of entities were eligible for 'Startup Status'. These were – (i) Partnership Firms (ii) Limited Liability Partnerships and (iii) Private Limited Companies.

After 04.02.2026 – Now five types of entities have become eligible for 'Startup Status'. These are – (i) Partnership Firms (ii) Limited Liability Partnerships and (iii) Private Limited Companies (iv) Co-operative Societies (v) Multi-State Co-operative Societies.

Types of Organisations	
Before 04.02.2026	After 04.02.2026
Partnership Firms	Partnership Firms
Limited Liability Partnerships	Limited Liability Partnerships
Private Limited Companies	Private Limited Companies
	Co-operative Societies
	Multi State Co-operative Societies

Comment : This is an exciting change. Recently, India has seen launch of Bharat Taxi under the aegis of Multi State Co-operative Societies. More such initiatives are likely to happen in the space of primary and tertiary sectors and also in rural and semi-urban areas. Few initiatives may be expected from 'Aspirational Districts' as well.

5. Change in Age of Startup Entity:

Before 04.02.2026 – Earlier Startup status was accorded for a maximum life of 10 years.

After 04.02.2026 – Now for 'Deep Tech Startups', the maximum age has been relaxed to 20 years.

Maximum Age of Startups	
Before 04.02.2026	After 04.02.2026
10 Years	For Normal Startups – 10 Years
	For Deep Tech Startups – 20 Years

Comment : This is an interesting change. Development of critical technologies is a time-consuming process and needs to be incentivised to develop scientific temper and attract investment in critical technologies.

THE PROFESSIONAL OPPORTUNITY

Startup Space is now becoming complicated. Keeping a close eye on day-to-day developments will result into bigger and better professional opportunities. Company Secretaries can impart their services to startups and startup aspirants in their respective cities:

- **Creating Awareness:**

Sensitization of 'Startup Aspirants' through awareness sessions with Entrepreneurship Cells created by colleges (under-graduate, post-graduate, management, engineering colleges) and universities (including deemed universities).

- **Associating as an Expert with Incubation Centres:**

By this time, India has more than 1350 incubators spread across various cities of India. Company Secretaries may identify nearby incubators and get associated with them as experts. This association will help in nurturing 'young startups' and will also result into professional assignments.

- **Becoming Startup Mentor:**

Company Secretaries in Practice having will to serve the society may register as Mentor on 'Startup India Portal' and can provide yeoman services to the nation by way of helping 'young aspiring entrepreneurs' in initial phase of their journey. However, one shall take note that 'mentorship' is an honorary service to the nation.

CONCLUSION

Startup Statistics are very impressive. There are more than 2 Lakh DPIIT Recognised Startups; 244 seed funded Incubators; more than INR 27000 Crores funding through SIDBI managed Fund of Funds 1.0. Startups have got orders worth more than INR 51000 Crores through GEM Portal. By this time, 32 States / Union Territories have Startup Policy. This is interesting to note that 48% of startups have at least one woman director. The times ahead are indeed promising for those who wish to make the most of this opportunity.

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